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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000643

SIPDIS

E.O. 12958: DECL: 05/22/2019

TAGS: [ECON](#) [ELAB](#) [EINV](#) [PGOV](#) [PREL](#) [VE](#)

SUBJECT: VENEZUELA: BRV PRESSES SOCIALIST LABOR AGENDA

REF: CARACAS 339 AND PREVIOUS

Classified By: A/Economic Counselor Richard T. Yoneoka for reasons
1.4 (b) and (d).

¶1. (C) Summary. The Government of the Bolivarian Republic of Venezuela (GBRV) is making determined efforts to stem the demands of public sector workers and to reshape employer-worker relations along socialist lines. The National Assembly is considering a draft reform of Venezuela's labor law, which would, in part, establish "worker councils" that may supplant the functions of trade unions. The GBRV is also reportedly trying to make more uniform its negotiations with public sector unions based on a government-determined "social salary." So far in 2009, labor unrest has increased significantly, particularly in the public sector. Inter-union violence has also spread. President Chavez reappointed Maria Cristina Iglesias, a hard-line supporter, as Minister of Labor in March. While an economic decline is likely to contribute to continued labor union activism, the GBRV still appears to have the upper hand with respect to a badly splintered and often co-opted or cowed Venezuelan trade union movement. End Summary.

PENDING CHANGES TO THE LABOR LAW

¶2. (SBU) The National Assembly is currently drafting a major reform of the Organic Labor Law (LOT). Local experts believe the law, once passed, will contain a number of changes included in the constitutional reform package that voters rejected in the December 2007 referendum. National Assembly members are holding consultations with key interested sectors, including trade unions, employer associations, and academics. The GBRV's justification for the reform is that Chavez's Bolivarian Revolution requires, "a pattern of change in the character and content of the legal instruments that cover the social relations of production, to improve the norms and regulate the exploitation of workers in capitalism and contribute to the workers liberation and emancipation from a perspective of constructing Socialism."

¶3. (C) While the National Assembly has not yet shared a draft of the new labor law, its proponents have publicly underscored that they expect the new law to provide for a transition to a 36-hour work week, retroactive application of current salaries for calculating severance payments (which would lead to significantly higher severance payments), and the creation of "worker councils." PSUV National Assembly Deputy Francisco Torrealba told PolCouns May 20 that the issues at the forefront of public discussions are job security and the worker councils. Trade unions fear the GBRV intends to use and co-opt worker councils to sideline trade unions. Is not yet clear whether the National Assembly

intends to pass the labor law overhaul in 2009 or 2010.

LABOR IN 21ST CENTURY SOCIALISM

¶4. (SBU) The GBRV is also reportedly seeking to remake collective bargaining practices in Venezuela, particularly the determination of salaries and benefits. The National Institute of Labor Studies (Inaesin), a private foundation, released to several journalists a purported Labor Ministry document that outlines the GBRV's strategy for negotiating with public sector unions to "advance the construction of socialism." The plan stipulates that the GBRV will determine "the true necessities" to be included in collective bargaining agreements, eliminate benefits considered as "privileges" and increase workers' understanding of their obligation to the people (within socialism) and the acceptance of a "social salary" imposed by the GBRV.

¶5. (C) Also, the alleged leaked minutes of a March meeting with key cabinet members are currently circulating in labor circles. The purported minutes suggest that GBRV leaders intend to formulate a unified, consistent public policy towards the labor market. The ministers reportedly underscored the need "to lower those who are high, and raise those who are lower," a reference to the inequalities among the public sector collective bargaining agreements (including those of petroleum and steel workers.) The document outlines twenty conclusions that form the GBRV's plan for labor, including the need to explain the country's true economic situation, the creation of a standardized salary table for

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all public workers, the need for the equitable distribution of public sector salaries (to achieve social justice) and national guidelines for collective bargaining agreements. The document also suggests the GBRV will engage with pro-government union leaders, not the rank-and-file, to avoid "confusion."

CONTINUED LABOR UNREST

¶6. (C) Labor unrest is increasing in Venezuela. According to UCAB professor Victorino Marquez, in March 2009, labor conflicts increased 91.5 percent in comparison with February ¶2009. Of the 113 conflicts in March, 78 percent related to the public sector. Marquez told the local media recently that the biggest cause of labor problems in the public sector has been the GBRV's refusal to sign collective bargaining agreements. The most emblematic cases are those of the petroleum industry, electricity and public health. Marquez also noted that the labor movement is divided and confused. Traditional public sector unions have asked their membership to accept a cut in benefits, while parallel unions view the benefits as their right.

¶7. (C) Union violence is also spreading beyond the internecine fighting between construction unions in Bolivar State. In late April, the Secretary of the Workers' Union of the Toyota plant in Cumana was shot to death outside his residence. This killing set off a series of strikes by plant workers, and Toyota workers reportedly assaulted the plant's human resources manager. Local government officials condemned the killing and pledged to investigate. According to local labor analyst Rolando Diaz, the murder of the Toyota union leader was the result of mafia-style fighting between members of rival pro-government unions vying for control over workplaces. In Venezuela, the dominant union in car manufacturing plants control lucrative perks, such as free vehicles and kickbacks from dealerships for "expedited delivery" of vehicles.

¶8. (SBU) President Chavez named Maria Cristina Iglesias to be Minister of Labor and Social Security in March. Iglesias, a former Minister of Light Industry and Commerce, was previously Labor Minister from 2002 to 2005. During her first tenure, Iglesias took a hard line in collective bargaining negotiations. She also handled the labor dispute at PDVSA in 2002, which ended with the dismissal of over 22,000 petroleum industry employees in 2003. Chavez's decision to reappoint her to the job is widely interpreted as a signal that the Venezuelan government intends to adopt an even tougher posture against traditional trade unions.

COMMENT

¶9. (C) Some local pundits are arguing that brewing labor discontent could prove to be President Chavez's "Achilles' heel" during a period of economic decline. They note that, while only some 12 percent of the Venezuelan workforce is covered by collective bargaining agreements, labor unions are still important in Venezuela's most important economic sectors, including the oil sector. Nevertheless, local trade unions are badly divided not only between pro-government and opposition unions, but also among themselves as groups figuratively - and literally -- fight for control over workplaces.

¶10. (C) More than twenty pro-government and opposition unions are currently discussing ways to forge greater union unity, but this effort is only just beginning. In the meantime, the Venezuelan government still has the upper hand in dealing with trade unions. President Chavez, for example, recently succeeded in rescinding salary increases that the once-powerful Caracas Metro workers had negotiated into their contract last year by threatening to send the National Guard to run the Metro.
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